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SUBJECT: SAARLAND MINISTER PRESIDENT OPTIMISTIC ABOUT THE
FUTURE OF THE STATE

1. (U) Summary: On December 4, Consul General Peter Bodde met with Saarland Minister-President Peter Mueller (CDU) in Saarbruecken. Mueller is a moderate, up-and-coming CDU leader, and ally of Angela Merkel. Mueller said the auto industry has replaced coal and steel as the most important industry in the state. He regretted strains in the U.S.-German relationship caused by Chancellor Schroeder. Mueller is convinced that Hesse Minister-President Koch will win state elections in February, and pursue a chancellor candidacy for 2006. End Summary.

Saarland's Economy: Still Steaming Ahead

2. (SBU) In his first meeting with the Consul General, Saarland Minister-President Peter Mueller (CDU) warned against an overly negative view of the German economy. "The German economy is still stronger than the French and Spanish combined." Mueller cited Saarland's economic development. The state's nominal GDP grew 3 percent this year and unemployment was reduced from 52,800 in 1998 to 45,000 in 2001. The state has also diversified its industrial base, focusing more on the auto industry. According to Mueller, the auto industry is now the most important in Saarland. Coal mining, long a major employer in the state, has no future. The restructuring of the steel industry, which Mueller supported in proactive public statements, is a success story in Saarland. One example is Saerstahl, Saarland's largest, which reduced its workforce from 60,000 in the 1970s to 10,000 today and changed its focus to high-quality specialty steel. As a result, the company is now showing a profit.

3. (SBU) France is Saarland's dominant trading partner but Mueller emphasized the importance of American investment as well. He mentioned the Ford assembly plant in Saarlouis as a good example. It employs 6800 people and is Ford's most productive plant in the world. However, Mueller confided in us that the CEO of Ford Germany told him thirty of Ford's suppliers are in serious trouble.

German-American Relations, Sister-State with Utah?

4. (SBU) Mueller emphasized at the beginning of the meeting "that not all Germans think about the U.S. as Chancellor Schroeder does." Mueller criticized the policies of the Schroeder government. "What I don't see is a general concept, a strategy behind what the Schroeder government does," Mueller said. He regrets recent tensions in the German-American relationship and wants to expand Saarland's ties to the United States. His Minister of Economics, Hanspeter Georgi, was in the U.S. the day after the German elections. In Chicago and Salt Lake City, he reassured German and American business representatives of the strength of German-American friendship. Georgi sees Utah as a possible sister state for Saarland. A memorandum of understanding between Saarland and Utah has already been signed.

Mueller's Political Outlook and his Relationship with Koch

5. (SBU) Mueller plays a prominent role in the CDU as an up-and-coming leader. He is seen as a moderate and a counterweight to the more conservative Hesse M-P Roland Koch. A close ally of Angela Merkel, he did not support Edmund Stoiber's chancellor candidacy until very late in the campaign. Mueller was also head of the CDU "immigration commission" which was convened to draft a new immigration law for Germany. When queried about the proposed immigration bill now before the Constitutional Court, Mueller predicted the Schroeder government's draft bill will be declared unconstitutional. In the end "Schily will get what he originally wanted: the Mueller bill."

6. (SBU) Mueller's relationship with Koch was described to us in a later meeting with the President of the State

Parliament, Hans Ley. Ley described Mueller as a close friend of Hesse Minister-President Roland Koch. The two do "very well together." The leader of the state's Junge Union (JU or CDU youth wing), Alexander Funk, agreed that while there was no personal animosity between Mueller and Koch, the two had vastly different styles. Funk described Koch as a "polarizing" figure and Mueller as a "bridge builder." However, he also acknowledged that Mueller's politics were probably "too liberal" for the national party and that Koch would most likely be the party's standard bearer in the 2006 national elections.

17. (SBU) Comment: This "new" friendship between Koch and Mueller (which hasn't been mentioned by our contacts in Hesse) may indicate that Mueller is fully aware of the growing influence Koch has in the CDU and is aligning himself with the rising star. Mueller himself left no doubt that after Koch is re-elected as Minister President of Hesse in February 2003, he will pursue a chancellor candidacy in 2006. However, Mueller left his own preferences for a chancellor candidate unstated. End Comment.

BODDE